

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

PALANTIR TECHNOLOGIES INC.,

Plaintiff,

v.

MARC L. ABRAMOWITZ, et al.,

Defendants.

Case No. 16-cv-5857-PJH

**ORDER GRANTING MOTION TO
REMAND**

The motion of plaintiff Palantir Technologies, Inc. ("Palantir") to remand the above-entitled action to the Superior Court of California, County of Santa Clara, came on for hearing before this court on February 15, 2017. Palantir appeared by its counsel John Zach, David Zifkin, Fiona Tang, and Adam Eltoukhy. Defendants Marc L. Abramowitz ("Abramowitz"), Marc Abramowitz Charitable Trust No. 2, and KT4 Partners LLC ("KT4") appeared by their counsel Jonathan Pitt. Having read the parties' papers and carefully considered their arguments and the relevant legal authority, the court hereby GRANTS the motion.

BACKGROUND

Palantir, which is based in Palo Alto, California, is a "software and services company that specializes in data analytics." First Amended Complaint ("FAC") ¶¶ 8, 13. Founded in 2004, it is "a leader in its industry." FAC ¶ 13. Palantir's products are used by government, and by commercial and non-profit institutions "to solve problems the company's founders had not even dreamed of back in 2004." Id. Palantir focuses on developing and building "platforms for integrating, managing, and securing data, on top of

which it layers applications for fully interactive, human-driven machine-assisted analysis." FAC ¶ 14. Palantir is also involved in research and development, and it spends millions of dollars each year to "expand its business and seek out new opportunities." FAC ¶ 17.

According to Palantir, this litigation relates to defendants' misappropriation of Palantir's proprietary trade secret and business information, concerning technologies for

(i) interpreting and analyzing data in the healthcare space for clinical drug trials and for health insurance risk assessments (the "Healthcare Technology"); (ii) cyber insurance technology and related cybersecurity technology for use of customer consortia to improve cybersecurity (the "Cyber Insurance and Cybersecurity Technology"); and (iii) interpreting and analyzing data in connection with natural resources exploration and management (the "Natural Resources Exploration Technology").

FAC ¶ 18. It also relates to defendants' "misappropriation of Palantir's trade secret business plans and customer lists related to these technologies." Id.

Palantir's initial funding came from a variety of sources, including the company's founders. FAC ¶ 23. Abramowitz was an early investor in Palantir, through KT4 and "other entities he controls." Id. Allegedly, "[t]hrough the years, Abramowitz was involved with the business of Palantir." FAC ¶ 24. However, "[r]ather than acting as a passive investor, he became a regular fixture[.]" visiting Palantir more than 30 times between 2010-2015. Id. Indeed, "Abramowitz spent so much time at Palantir that in 2014 he requested an office at the company." Id.

Abramowitz developed relationships with the company's founders, officers, and employees, and was allegedly "viewed as a trusted investor and advisor" by the founders and senior employees. FAC ¶ 25. According to Palantir, Abramowitz "often inquired about specific Palantir projects" and on several occasions, the company provided him – in his capacity as a shareholder and advisor – with information about technology including the Healthcare Technology, the Cyber Insurance and Cybersecurity Technology, and the Natural Resources Exploration Technology. FAC ¶ 26. Palantir asserts that it also provided Abramowitz – at his request – with information about proprietary business plans and customer lists for these technologies. Id.

1 Palantir and Abramowitz entered into confidentiality agreements. FAC ¶ 27.
2 These agreements included provisions in Preferred Stock Transfer Agreements in 2012
3 and 2015, and a Nondisclosure Agreement in 2014. FAC ¶¶ 28-30. Palantir asserts,
4 however, by 2014, Abramowitz had embarked on a scheme to discover Palantir trade
5 secrets and convert them for his own use and profit – in particular, trade secrets related
6 to the Healthcare, Cyber Insurance and Cybersecurity, and Natural Resources
7 Exploration Technologies. FAC ¶ 31; see also FAC ¶¶ 32-40 (Healthcare Technology),
8 ¶¶ 41-40 (Cyber Insurance and Cybersecurity Technology); ¶¶ 50-57 (Natural Resources
9 Exploration Technology).

10 For example, Palantir alleges, in October and December 2014, Abramowitz filed
11 patent applications (“the Patent Applications”) with the U.S. Patent and Trademark Office
12 (“USPTO”), seeking to patent “systems, methods, and concepts” concerning Palantir’s
13 Healthcare Technology, Cyber Insurance and Cybersecurity Technology, and Natural
14 Resources Exploration Technology, for which he falsely claimed to be the sole owner and
15 inventor. FAC ¶¶ 38, 46-47, 51.

16 Palantir asserts that “[i]n furtherance of [Abramowitz’s] scheme,” KT4 sent Palantir
17 a letter through counsel on August 16, 2016, demanding information pertaining to the
18 Investors' Rights Agreement (“IRA”). FAC ¶ 58. Under the February 15, 2008 version of
19 the IRA (the version invoked in the letter) and the July 8, 2015 version (the version in
20 effect at the time Abramowitz sent the letter), the agreement granted certain rights to
21 receive information from Palantir to anyone who was a “Major Investor” in Palantir
22 (defined in the IRA as anyone with at least 5 million shares of certain types of Palantir
23 stock). Id. In the August 16, 2016, KT4 stated that it was a Major Investor of Palantir,
24 and demanded that Palantir produce documents and provide information to its counsel
25 pursuant to the February 2008 IRA. FAC ¶ 59.

26 Palantir asserts, however, that the IRA provides for Major Investors to receive
27 such information, but does not allow for counsel or anyone other than a Major Investor to
28 receive the information. Id. Palantir adds that even were KT4 a Major Investor (which

1 Palantir disputes), and even had the IRA not been again amended effective September 1,
2 2016, Abramowitz's breaches of confidentiality and misappropriation of trade secrets
3 would preclude him from obtaining confidential and proprietary information through the
4 IRA. FAC ¶¶ 60-64.

5 Palantir filed the original complaint on September 1, 2016, in Santa Clara Superior
6 Court, and filed the FAC on September 23, 2016, alleging five state-law causes of action
7 – (1) breach of contract (breach of confidentiality agreements); (2) breach of the implied
8 covenant of good faith and fair dealing; (3) unfair competition, in violation of California
9 Business & Professions Code § 17200 (“UCL”); (4) misappropriation of trade secrets in
10 violation of California Civil Code § 3426, et seq.; and (5) declaratory relief (seeking a
11 judicial declaration that KT4 is not entitled to Palantir's financial information pursuant to
12 the IRA).

13 Defendants removed the case on October 11, 2016, asserting federal question
14 jurisdiction. Defendants allege that the FAC is "artfully pled as a series of putative state-
15 law claims[.]" Notice of Removal ¶ 2. They contend that Palantir seeks to have itself
16 declared the sole inventor of three technologies that were in fact invented and developed
17 by Abramowitz as the sole or joint inventor, and that involve no inventive contribution by
18 Palantir or anyone working on Palantir's behalf; that it seeks an order enjoining
19 Abramowitz from continuing to pursue the three Patent Applications filed with the
20 USPTO; and that it premises such relief, and the purported state-law causes of action,
21 upon the assertion that it was Palantir, not Abramowitz, who invented the technologies at
22 issue, and that Abramowitz's alleged contrary representations to the USPTO were false.
23 Id. Based on this, defendants claim that Palantir's claims necessarily raise substantial
24 questions of federal patent law that can be resolved only by a federal court. Id.

25 On November 11, 2016, Palantir filed the present motion to remand, asserting that
26 the FAC does not allege any federal claims, that its claims do not arise under federal law
27 or raise a "substantial" issue of federal law, and that no issue of federal law is "actually
28 disputed." Palantir also seeks attorney's fees and costs pursuant to 28 U.S.C. § 1447(c).

DISCUSSION

A. Legal Standard

A defendant may remove a civil action filed in state court if the action could have originally been filed in federal court. 28 U.S.C. § 1441. Federal courts are courts of limited jurisdiction, possessing only that power authorized by the Constitution and statute. Kokkonen v. Guardian Life Ins. Co. of America, 511 U.S. 375, 377 (1994). A plaintiff may seek to have a case remanded to the state court from which it was removed if the district court lacks jurisdiction or if there is a defect in the removal procedure. 28 U.S.C. § 1447(c). The district court must remand the case if it appears before final judgment that the court lacks subject matter jurisdiction. Id.

The removal statutes are construed restrictively, so as to limit removal jurisdiction. See Shamrock Oil & Gas Corp. v. Sheets, 313 U.S. 100, 108-09 (1941). There is a “strong presumption” against removal jurisdiction. Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992). This means that the burden of establishing federal jurisdiction for purposes of removal is on the party seeking removal. Hunter v. Philip Morris USA, 582 F.3d 1039, 1042 (9th Cir. 2009). Doubts as to removability are resolved in favor of remanding the case to state court. Matheson v. Progressive Specialty Ins. Co., 319 F.3d 1089, 1090 (9th Cir. 2003).

B. Plaintiff's Motion

Palantir contends that the FAC does not assert any federal claims, and that the five state-law claims arise from the misappropriation of its trade secrets by Abramowitz and KT4, which occurred prior to the filing of the Patent Applications. Palantir asserts that removal was improper, as the court lacks federal question jurisdiction over the state-law claims.

Defendants oppose the motion, arguing that the case was properly removed. They assert that, while the “artfully pled complaint . . . carefully avoids calling any of its causes of action or demanded relief ‘federal’ in nature,” Palantir is seeking to have itself declared to be the sole inventor of three technologies actually invented by Abramowitz as

sole or joint inventor. Specifically, defendants point to the request for injunctive relief in the prayer for relief, and to the UCL claim. Defendants assert that Palantir is attempting to use the state courts to enjoin Abramowitz from pursuing protection in the USPTO for technologies he developed.

In the prayer for relief, Palantir requests a preliminary and permanent injunction restraining defendants from (among other things) “continuing to pursue [d]efendants’ patent applications[.]” Defendants refer to this as “the PTO injunction.” In their opposition to Palantir’s motion, defendants contend that only federal patent law can supply the substantive rules and procedures governing patent applications. They argue that because Palantir seeks this relief on the basis that it is the true inventor of the technologies in the Patent Applications,¹ any court deciding whether to grant the “PTO Injunction” must therefore resolve the issue of inventorship.

In the UCL claim, Palantir alleges that defendants’ business acts and practices were fraudulent “because a reasonable person would likely be deceived by [d]efendant’s [sic] false statements and claims, including that they invented and own Palantir’s inventions.” FAC ¶ 38. Defendants argue that the FAC provides only one basis on which defendants could be found liable under the “fraudulent” prong of the UCL claim – Abramowitz’s alleged false statements to the USPTO regarding his inventorship of the technologies listed in the Patent Applications. In addition, although they have not moved to dismiss any of the claims asserted in the FAC, defendants also contend in their opposition to Palantir’s motion that allegations of trade secret misappropriation cannot support an unfair competition claim under Business & Professions Code § 17200.

The court finds that the motion to remand must be GRANTED. Federal courts

¹ Defendants point to FAC ¶ 38 (alleging that the Patent Applications “falsely identif[y] Abramowitz as the “sole inventor”); FAC ¶ 3 (alleging that Abramowitz “made false claims to the [PTO]”); FAC ¶ 46 (asserting that the Patent Application based on the Cyber Insurance and Cybersecurity Technologies “fails to mention Palantir and does not include a single Palantir employee as an inventor”); FAC ¶ 51 (alleging that the Patent Application based on the Natural Resources Exploration Technology “falsely claim[ed] that he was the “sole owner and inventor”)).

1 have original and exclusive jurisdiction in “any civil action arising under any Act of
2 Congress relating to patents.” 28 U.S.C. § 1338(a). “Under the well-pleaded complaint
3 rule, . . . whether a claim arises under patent law must be determined from what
4 necessarily appears in the plaintiff’s statement of his own claim . . . , unaided by anything
5 alleged in anticipation or avoidance of defenses which it is thought the defendant may
6 interpose.” Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 809 (1988).

7 A case can “arise under federal law” in two ways. Gunn v. Minton, 133 S.Ct. 1059,
8 1064 (2013). First, “a case arises under federal law when federal law creates the cause
9 of action asserted.” Id. This “creation test” accounts for “the vast bulk of suits that arise
10 under federal law[.]” Id. (citation omitted). Second, even when a claim “finds its origins in
11 state rather than federal law,” the claim nevertheless arises under federal law where it
12 “necessarily raise[s] a stated federal issue, actually disputed and substantial, which a
13 federal forum may entertain without disturbing any congressionally approved balance of
14 federal and state judicial responsibilities.” Id. at 1064-65; see also Christianson v. Colt
15 Indus. Operating Corp., 486 U.S. 800, 809 (1988).

16 Here, Palantir asserts claims of breach of contract, breach of the implied covenant,
17 misappropriation of trade secrets under California law, declaratory relief, and unfair
18 competition under California law. Federal law does not create any of these causes of
19 action. Thus, the first means of determining federal subject matter jurisdiction does not
20 apply, and only the second means is at issue in the present motion. As explained in
21 Gunn, a state law claim provides a basis for federal jurisdiction where a federal issue is
22 “(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution
23 in federal court without disrupting the federal-state balance approved by Congress.” Id.,
24 133 S.Ct. at 1065. All four of these requirements must be met. Id.

25 To begin, the court considers the first factor – whether resolution of a federal issue
26 is “necessary” to Palantir’s case. The only federal issue identified by defendants is the
27 “patent law issue” of inventorship – whether Abramowitz is or is not the inventor and
28 owner of the technology that is the subject of the pending patent applications, and

1 whether in filing the Patent Applications, he has falsely claimed to be the inventor.

2 Defendants do not claim that any federal issue is implicated in the causes of action
3 for breach of contract, breach of the implied covenant, misappropriation of trade secrets,
4 or declaratory relief. They assert only that the “patent law issue” of inventorship is placed
5 at issue by the request in the Prayer for Relief that the court enjoin defendants from
6 “continuing to pursue [d]efendants’ patent applications,” and by the allegation in the UCL
7 cause of action that “[d]efendants’ business acts and practices were fraudulent because
8 a reasonable person would likely be deceived by [d]efendants’ false statements and
9 claims, including that they invented and owned Palantir’s inventions.”

10 A prayer for relief, standing alone, is not sufficient to create federal question
11 jurisdiction. See Carter v. Health Net of Cal., Inc., 374 F.3d 830, 834 (9th Cir. 2004)
12 (“[t]he valid exercise of federal question jurisdiction . . . depend[s] upon the substantive
13 claims raised[.]” not on any remedy requested). Moreover, the Prayer for Relief is
14 broader than defendants suggest. For example, Palantir also seeks an order restraining
15 defendants from “perpetuating the wrongful acts and conduct as set forth [in the FAC]”,
16 and from “directly or indirectly retaining, using or disclosing Palantir’s trade secret[s],
17 confidential and/or proprietary information, and derivatives thereof.”

18 Further, in the fourth cause of action for violation of California’s Trade Secrets Act,
19 Cal. Civ. Code § 3426, et seq., Palantir requests that the court “take affirmative acts to
20 protect Palantir’s trade secrets,” which includes “ordering an inspection of [d]efendants’
21 [document and data depositories] to determine the extent to which Palantir’s trade
22 secrets were wrongfully taken and/or disseminated[;]” “ordering the return of Palantir’s
23 confidential information[;]” and “prohibiting [d]efendants from continuing [their] unlawful
24 actions.” FAC ¶ 99.

25 Palantir is plainly not seeking to compel any action by the USPTO, and does not
26 request any declaration regarding inventorship. Rather, it seeks injunctive relief
27 preventing defendants from using and disclosing its trade secrets in violation of California
28 law. Palantir’s prayer for relief in this case is similar to the relief requested in Altavion,

1 Inc., v. Konica-Minolta Sys. Lab., Inc., 2008 WL 2020593 (N.D. Cal. May 8, 2008). In
2 that case, the plaintiff filed suit in state court, alleging that the defendants had
3 misappropriated its trade secrets, and had caused patent applications to be filed with the
4 PTO, which were related to the plaintiff's trade secrets. The defendants removed the
5 case, alleging that substantial questions of patent law existed. The plaintiff moved to
6 remand.

7 The claims asserted were all created by state statutes and common law. The
8 court found that if there was federal jurisdiction over the case, it could be found – if at all
9 – only if the plaintiff's right to relief “necessarily depend[ed] on resolution of a substantial
10 question of federal patent law, in that patent law is a necessary element of the well-
11 pleaded claims.” Id. 2008 WL 2020593 at *2-3. The court rejected the plaintiff's theory
12 that its request for injunctive relief “necessarily depends on a resolution of ‘inventorship’”
13 noting that “each of plaintiff's claims may be a adjudicated and appropriate monetary and
14 injunctive relief may be awarded without resolution of ‘inventorship’ in the technical sense
15 used in patent law.” Id. at *7. Similarly, in this case, Abramowitz’s conduct before the
16 USPTO may simply provide evidence supporting the state-law claims asserted in this
17 case, but such evidence does not convert this action into a case “arising under” federal
18 patent laws.

19 Nor does the UCL claim necessarily raise a federal issue sufficient to confer
20 federal question jurisdiction. Defendants assert that the “only” basis for the UCL claim is
21 Abramowitz's alleged false statements to the USPTO. The court notes, however, that the
22 FAC alleges that defendants' conduct violated the “unlawful” prong of § 17200 because it
23 resulted in violations of state common law, including breach of contract and breach of the
24 implied covenant, as part of an improper effort to deceive and mislead third parties by
25 marketing Palantir's non-trade secret confidential information as their own, see FAC
26 ¶¶ 49, 86, 88; that defendants misled Palantir when they promised not to use or disclose
27 such information “except for the benefit of the company[,]” see FAC ¶¶ 28-30, 71; and
28 that Abramowitz sought to fraudulently associate himself with Palantir by filing a

1 trademark on "Shire," a term from the same fictional universe as "Palantir," in an attempt
2 to suggest a connection with a company where none existed, see FAC ¶ 56.

3 These allegations are independent of the trade secret misappropriation claims,
4 have nothing to do with the Patent Applications, and are unrelated to Abramowitz's
5 alleged false statements to the USPTO. The mere fact that the FAC alleges that
6 defendants improperly used and disclosed Palantir's trade secrets in the Patent
7 Applications is not sufficient to create federal jurisdiction over the UCL claim. This is
8 because resolution of the issue of inventorship is not necessary to resolution of the
9 entirety of the UCL claim, which alleges that defendants' business acts and practices
10 were "unlawful" under the UCL because they resulted in "violations of state common law
11 . . . including breach of contract and breach of the implied covenant of good faith and fair
12 dealing[.]" FAC ¶ 86, and were "fraudulent" because "a reasonable person would likely be
13 deceived by [d]efendants' false statements and claims," FAC ¶ 87, which included false
14 representations that they would maintain Palantir's confidentiality and would not pass
15 Palantir's trade secrets off as their own, FAC ¶¶ 18, 28-30, 45, 48, 52, 55.

16 As in the Altavion case, "[d]efendants' allegedly fraudulent conduct before the
17 USPTO will no doubt be a large part of the proceedings in this action," but the
18 defendants' conduct before the USPTO does not form the exclusive theory upon which
19 Palantir's claims are based. See id., 2008 WL 2020593 at *6. In general, if a cause of
20 action asserted in a well-pleaded complaint can succeed on any theory that does not
21 implicate or require a resolution of an issue of federal patent law, that cause of action
22 does not arise under the patent laws for purposes of § 1338(a), even if other theories of
23 recovery are directly dependent on patent law. See Christianson, 486 U.S. at 810 (citing
24 Franchise Tax Bd. of State of Cal. v. Construction Laborers Vacation Trust for So. Cal.,
25 463 U.S. 1, 26 (1983)).

26 As for defendants' contention that a claim under § 17200 cannot be premised on
27 an allegation of misappropriation of trade secrets, and their argument at the hearing that
28 Palantir's UCL claim is therefore "dismissible" and "needs to be dismissed by a federal

1 court on that basis," see Hearing Transcript, Feb. 15, 2017 (Doc. 39) at 14, the court
2 notes that defendants have not filed a motion to dismiss. The same is true with regard to
3 defendants' contention that the UCL is not pled with sufficient particularity, as required by
4 Federal Rule of Civil Procedure 9(b). The question whether the UCL cause of action
5 states a claim is not before the court in the present motion for remand, and the court
6 declines to base its ruling on a legal theory that has not been properly presented.

7 Turning to the second factor, the court finds that the FAC does not create an
8 "actually disputed" issue of federal law. See Gunn, 133 S.Ct. at 1065-66. There is no
9 "actually disputed" issue of federal law because the issue of inventorship under federal
10 patent law cannot be decided in this action. As discussed below, the appropriate vehicle
11 for resolving issues of inventorship is a "derivation proceeding" before the USPTO, where
12 Palantir claims it has already initiated a proceeding as to one of the Patent Applications.
13 Accordingly, inventorship – the only federal patent issue raised by defendants in their
14 papers – is not "actually disputed" in this case.

15 Turning to the third factor, the court finds that the FAC does not raise any federal
16 issue that is "substantial." See Gunn, 133 S.Ct. at 1065-66. Federal question jurisdiction
17 "demands not only a contested federal issue, but a substantial one, indicating a serious
18 federal interest in claiming the advantages thought to be inherent in a federal forum."
19 Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308, 313 (2005). This
20 inquiry looks to "the importance of the issue to the federal system as a whole," rather
21 than "the importance of the issue to the plaintiff's case." Gunn, 133 S.Ct. at 1066.

22 Here, defendants contend that the FAC raises claims related to the legal question
23 of "inventorship" under federal law. The Federal Circuit has articulated three
24 nonexclusive factors that "may help to inform the substantiality inquiry" under the Gunn
25 test – (1) whether a "pure issue of federal law" is "dispositive of the case;" (2) whether
26 "the court's resolution of the issue will control 'numerous other cases;'" and (3) "whether
27 'the Government has a direct interest in the availability of a federal forum to vindicate its
28 own administrative action.'" See NeuroRepair, Inc. v. The Nath Law Grp., 781 F.3d 1340,

1 1345 (Fed. Cir. 2015). Because defendants bear the burden of showing that removal
2 was proper, it is also defendants' burden to show that these factors support jurisdiction in
3 this case. However, they have failed to do so.

4 Palantir's state-law causes of action for misappropriation of trade secrets and
5 breach of contract do not raise any "substantial" issue related to the federal system of
6 patent law. There is no "pure issue of federal law" which is dispositive of any of Palantir's
7 claims, because all the claims are state statutory or common-law claims, which can be
8 resolved without reaching the issue of inventorship. Further, the outcome of the state-law
9 issues at stake here will have little or no impact on another case, particularly a case
10 brought in federal court, and there is no question of governmental interest here.

11 Turning to the fourth factor, the court finds that allowing Palantir's case to remain
12 in federal court would disrupt the federal-state balance of power. See Gunn, 133 S.Ct. at
13 1068; see also Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308,
14 313-14 (2005). "Arising under" jurisdiction exists only "where the vindication of a right
15 under state law necessarily turn[s] some construction of federal law[.]" Merrell Dow
16 Pharms. Inc. v. Thompson, 478 U.S. 804, 808 (1986), and it is not enough that the court
17 may have to interpret federal laws or regulations. Improper disclosure of trade secrets
18 constitutes an independent violation of California's Uniform Trade Secrets Act, and
19 California courts may enjoin such actual or threatened trade secret misappropriation. As
20 previously noted, the Patent Applications may provide evidence of defendants'
21 misappropriations of trade secrets, but that that does not transform the state-law claims
22 into the small category of cases in which "arising under" jurisdiction lies. See Gunn, 133
23 S.Ct. at 1064.

24 Finally, and in the court's view, most importantly, defendants have not explained
25 how this case could be maintained in federal court under the court's exclusive jurisdiction
26 over patent claims when no patent has issued on the applications filed by Abramowitz.
27 Defendants accuse Palantir of having "artfully pled" the complaint to include only state
28 law claims, see Notice of Removal ¶ 2, but they do not specify a federal cause of action

1 that Palantir should or could have pled. While it is true that "issues of inventorship,
2 infringement, validity, and enforceability present sufficient substantial questions of federal
3 patent law to support jurisdiction under section 1338(a)," see Bd. of Regents, Univ. of
4 Tex. Sys. v. Nippon Tel. & Tel., 414 F.3d 1358, 1363 (Fed. Cir. 2005), a dispute involving
5 a request for equitable relief relating to a claim of inventorship in connection with a
6 pending patent application can only be resolved by the Director of the USPTO. See HIF
7 Bio, Inc. v. Yung Shin Pharms. Indus. Co., Ltd., 600 F.3d 1347, 1353 (Fed. Cir. 2010).

8 Palantir could not have asserted a claim of correction of inventorship, as no patent
9 has issued. 35 U.S.C. § 116. There is no private right of action to challenge inventorship
10 of pending patent applications. See HIF Bio, 600 F.3d at 1354. Under 35 U.S.C. § 116,
11 "[w]henver through error a person is named in an application for patent as the inventor,
12 or through error an inventor is not named in an application, the Director may permit the
13 application to be amended accordingly, under such terms as he prescribes." The text of
14 § 116 grants the Director of the USPTO the authority to take certain actions, but plainly
15 does not create a cause of action in the district courts to modify inventorship on pending
16 patent applications. See Eli Lilly & Co. v. Aradigm Corp., 376 F.3d 1352, 1357 n.1 (Fed.
17 Cir. 2004). On the other hand, once the patent issues, the statute that allows the Director
18 of the USPTO to correct the named inventor on a patent, 35 U.S.C. § 116, also provides
19 a private right of action to challenge inventorship, within the original jurisdiction of the
20 federal district court. See HIF Bio, 600 F.3d at 1354.

21 There can thus be no "inventorship" challenge under the procedural facts of this
22 case. And, in any event, the state-law claims must necessarily be resolved without
23 reliance on patent law because patent law is not a necessary element of any of the
24 claims as pled. See Christianson, 486 U.S. at 809. The fact that Palantir's proposed
25 remedy may tangentially involve issues touching on patent ownership does not convert
26 the state law claims into federal law claims – particularly where no patents have issued.
27 Moreover, this court lacks the authority to determine inventorship of patent applications.
28 Removal was improper, and the case must be remanded.

CONCLUSION

In accordance with the foregoing, the motion to remand is GRANTED. The motion for fees and costs is DENIED.

IT IS SO ORDERED.

Dated: March 9, 2017



PHYLLIS J. HAMILTON
United States District Judge